Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.







F193.09 C49 Cop. 2

UNITED STATES DEPARTMENT OF AGRICULTURE Agricultural Marketing Service Washington 25, D. C.

Minutes of Citrus Fruit Meeting Held October 21, 1955, in Room 218, Administration Building, U. S. Department of Agriculture, Washington, D. C.

The following members of the citrus industry were present:

Name	Representing	Address
Robert W. Rutledge	Florida Citrus Mutual	Lakeland, Florida
Homer E. Hooks	Florida Citrus Canners Cooperative	Lake Wales, Florida
C. C. Rathbun	Florida Canners Association	Tampa, Florida
R. C. Evans	Florida Citrus Commission	Lakeland, Florida
John T. Lesley	Florida Citrus Exchange	Tampa, Florida
Sidney I. Smith	Growers Administrative Committee	Winter Haven, Florida
Warren E. Savant	Florida Citrus Commission	Lakeland, Florida
M. T. Coogan	Orange Administrative Committee	Los Angeles, Calif.
Robbins Russel	Mutual Orange Distributors	Redlands, Calif.
M. D. Street	Sunkist Growers	Los Angeles, Calif.
Donald R. Thompson	Sunkist Growers Products Dept.	Ontario, Calif.
N. E. Faessel	A. Arena & Company, Ltd.	Los Angeles, Calif.
Charles A. Rogers	Charles A. Rogers & Sons	Weslaco, Texas
Austin E. Anson	Texas Citrus & Vegetable Growers and Shippers	Harlingen, Texas
Frank Seymour	Growers Administrative Committee	Lakeland, Florida
Nelson Hinderliter	Growers Administrative Committee	Lakeland, Florida
W. Edgar Gallwey	Orange Crystals, Inc.	Plant City, Florida
Howard N. Barron	Florida Citrus Exchange	Tampa, Florida
Robert A. Saltzstein	Dairy Service Corporation	Washington, D. C.





The meeting was called to order at 9:30 a.m., Friday, October 21, 1955, by

The Paul A. Nicholson, acting as moderator for the group. Following words

of welcome and an introduction of those present, Mr. Nicholdon briefly out
lined the purpose of meeting, stating that the topics proposed by the industry

would serve as a guide to the succeeding discussions. The agenda and supplemental material were distributed to the group.

The first subject on the agenda concerned that of the crop outlook, production, utilization, and inventories. A representative of the Florida delegation reviewed the inventory position of Florida canners as of October 1 for the various processed products. He indicated that the Florida holdings of frozen concentrated orange juice might, in his opinion, be around 9.5 million gallons on December 1. Individual pack estimates for each of the citrus products in Florida during the forthcoming season were given as follows:

Frozen orange concentrate 65,450,000 gallons

Canned single-strength juices:

Orange	17,000,000	cases	equiv.	24/2's
Grapefruit	12,000,000	**	ſ	+
Combination	5,000,000	T:	t,	
Tangerine	500,000		1	11
Grapefruit Sections	5,000,000		,	-4
Citrus Salad	800,000	1)	•	

In addition, the Florida spokesman estimated that approximately 5,000,000 boxes of oranges would be utilized in the manufacture of chilled orange juice. The prospective utilization of the Florida crop of citrus for 1955-56, i.e., fresh and processed, are given below together with the estimates of other producing areas. He also indicated that the abandonment of Florida grapefruit might be quite sizeable this year. The low returns in recent years may reflect an unwillingness on the part of growers to pick as "close" as was the case earlier.

A spokesman for the California-Arizona delegation stated the small size problem for oranges for the West Coast Area undoubtedly will once again be present this season. However, the quality of the on-coming Navel crop appears to be excellent. He stated that his group was not prepared to present any estimates of the probable inventories of citrus products in California-Arizona as of the start of the new crop year. He felt that such inventories as might be held in these areas would be of very minor importance in the over-all picture. The prospective pack of frozen concentrated orange juice would, in his opinion, be relatively small-possibly 300,000 to 400,000 gallons.



A Taxas representative stated that the 1955-56 crop will not be up as much as it was thought originally because of several adverse factors. The temperature fell to 26 degrees or lower in some spots on the night of February 11 and strong electrical winds on March 1 inflicted some damage. As a result, a fairly heavy drop was experienced. It was stated that the latest census for Texas citrus shows approximately 5 million trees. During the past several years about 1 million trees have been planted. The spokesman ventured the opinion that the Valley now has enough trees to produce more citrus within 10 years than was ever produced before in that Area. He stated that the Ruby Reds would undoubtedly produce very heavily within 4 to 5 years. The white varieties of grapefruit, in his opinion, now comprise about 25 percent of the production at the present time but this percentage is expected to decrease gradually. The Whites are the older trees and are not now producing as heavily. He estimated that within 4 to 5 years Ruby's would fall fairly close to 85-90 percent of the total grapefruit production in Texas. At the present time the processing market in Texas is of negligible importance since the local fresh market absorbs quantities of grapefruit at more remunerative prices.

The prospective lemon crop for 1955-56 was estimated at 12.5 to 13.0 million boxes. The hot weather experienced last summer is believed to have affected production for this year. The annual marketings to the fresh outlet in recent years have held fairly stable at a level of 8 million boxes. Sales of lemonade base have shared the rather phenomenal growth of frozen orange concentrate. The processing outlet for lemon juice products has, in some recent years, reflected a disappearance of between 10,000 to 11,000 cars of equivalent fresh lemons. The California spokesman outlined the mechanics of the stabilization pool for lemons currently operative in that State and pointed out that as a result of the surplus pooling arrangement a large volume of additional lemons are always potentially available for the juice outlet. In the event pressures from other lemon producing areas become so great, this might necessitate the discontinuance of the stabilization pool.

Insofar as Florida limes are concerned, the pack of frozen limeade is again expected to be relatively small. The industry is not thinking of a higher price this year but hopes to get back at least the cost of processing.

In response to a question concerning the reason for the apparent "leveling-off" in the production of Florida oranges during recent years, a Florida spokesman indicated that a considerable difference of opinion in explanation thereof existed within the State. One group, he stated, believes the older trees in some of the major producing counties are declining in yields because of age. Another group expresses the opinion that the current level of production is the result of weather conditions, diseases, etc.

It was indicated that current plantings of oranges in Florida are just about at a maintenance level. Some sources believe the industry will "plateau" at about 100 million boxes in the near future.



The following summarizes the production and utilization estimates made by the group for the 1955-56 season:

Commodity :		: - :	TD 3
and State :	Production	: Fresh Use 1/:	Processed
:		thousand boxes -	
ORANGES :			
Florida (all) :	91,000	27 , 5 5 0	63,450
California-Arizona:		,	
Navels and Misc.:	14,000 2/	11,500 2/	2,500
Valencias :	20,000	14,000	6,000
Texas :	1,800	1,700	100
Louisiana :	215	215	-
TOTAL-5 States :	127,015	54,965	72,050
:	•		
GRAPEFRUIT :			
Florida (all) :	38,000	20,000	18,000
California-Arizona:	5,500	3,000	2,500
Texas :	2,200	1,900	300
TOTAL-4 States :	45,700	24,900	20,800
:	~ / /	, ,	•
TANGERINES (Florida):	4,600	3,850	750
	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	3,-,-	12-
LEMONS (California):	13,000 3/	ව , 500	4,500
	<u> </u>	-,,,,,,	.,,,,,,,
LIMES (Florida) :	7100	300 4/	100 4/
(1101100)	-100	<u> </u>	100 7
TOTAL - ALL CITRUS:	190,715	92,515	98,200
TOTAL - ALL CITIOS.	エグシューエン	76,717	50,200

^{1/} Includes quantities not utilized, farm use, and fresh sales.
2/ Includes 500 thousand boxes for Arizona, inadvertently omitted at the meeting (included in Crop Reporting Board's estimate as of October 1).

Mr. D. M. Rubel, Foreign Agricultural Service, outlined some of the recent developments in the export picture. He stated that economic conditions in Europe from the standpoint of total demand appear to be very good at this time and cited various indices to substantiate this belief. Insofar as competition from other producing areas he reported that the Mediterranean citrus crop is expected to be about one-fourth larger than last year. Spain is estimated to have at least over 45 million boxes of oranges. In summary, he felt that very heavy crops could be anticipated from November to March. Consignment selling from Spain, and perhaps Israel, is expected to prevail again this year.

^{3/} Industry estimate given was 12.5-13.0 million boxes.

^{4/} Utilization not estimated.



Mr. Rubel then briefly outlined some of the trade policies in various countries on the European Continent. Belgium and the Netherlands will grant licenses upon request; transit dollars are required in Sweden and Norway; some liberalization of many fresh and processed citrus products in Austria; a more liberal policy on some citrus items into Germany will commence on January 1 and it now appears hopeful that all citrus may eventually participate.

During the next year and perhaps in future years, it appears that trading with the United Kingdom again will be plagued by special programs. The recent programs have been related to committments for defense. For example, the U. S. will ask to build military bases, etc., in the United Kingdom. A part of what the U. S. agrees to pay for these bases is then tied to surplus agricultural commodities. At the beginning of last year the Department was negotiating with the British to liberalize their trading policies but they took the position that in view of unexpended committments they were not in a position to spend dollars. All of the funds used for the fruit program this year represented unexpended balances of aid funds.

In answer to a question regarding the reception of U. S. fruit abroad during this past season, Mr. Rubel stated that there was quite general acceptance of cartons but some complaints were received relating to decay in some of the cartons. On the whole there appeared to be a feeling that the average condition of the fruit in cartons was not up to what they had expected. The Department tried to get some tangible evidence but with no success. Many of the reports, in his opinion, were exaggerated in the early part of the year. He added, however, that there did appear a need for tightening up the choice grade.

Later in the meeting Mr. Rubel read a few production estimates received by the Foreign Agricultural Service for oranges and tangerines in the Mediterranean Area in 1955-56:

Country	This Season (million	Season boxes)
Spain	48.0	35-3
Italy	23.0	18.5
North Africa	21.0	17.8
Israel	10.0	7.5
Total - Mediterranean	102.0	79.1



The next subject on the agenda concerned that of the School Lunch Program. A spokesman for the Florida group indicated that the School Lunch purchases for grapefruit sections during the past season were most helpful, particularly the summer purchase which enabled a reduction in the sizeable inventory facing the industry in the early summer months. The industry is hopeful that another such program can be arranged this year.

Mr. Howard P. Davis, Deputy Director of the Food Distribution Division, addressed the group concerning the activities of his organization. He stated that the Division generally followed the practice of dividing the purchase of concentrated orange juice between winter and summer. Last year the Department purchased approximately 559,000 gallons from Florida but was unable to get any from California during the summer months because of price. It appeared that the inventories of juices in the schools at the present time are such as to warrant a somewhat smaller purchase this winter.

Mr. Davis remarked that the Department is more or less morally bound in the Section 6 purchase to buy only what can be consumed during the school year. As the Section 6 funds are a part of the annual appropriation, the purchases are therefore confined to the corresponding annual period. It is preferred to store no longer than necessary. Purchases of orange juice have amounted to less than one quart per child for a four month period. Mr. Davis pointed out that although the requirement calling for a half-pint of milk in each menu does cut down on the amount of liquids which can be consumed, the schools have been fairly ingenious in finding ways to use citrus products to combat the recognized deficiency of vitamin C in the schools.

In connection with grapefruit sections, Mr. Davis stated that it was their present intention to follow along about the same lines as last year depending, of course, on the available funds and the price at which sections can be obtained. Mr. Davis expressed some disappointment over last summer's purchase for grapefruit sections. The Department was very much interested in getting grapefruit sections because the children seem to like them and the schools have asked for sections since this product gives a definite nutritional boost in the lunches. Anything that can be obtained during the summer months is most helpful to the School Lunch Program at the start of the following new school year. Last summer, Mr. Davis related, the School Lunch people were assured in view of the inventory facing the industry they would be able to get their requirements at a reasonable price. However, it turned out that the final purchase was just barely enough for national distribution. Mr. Davis also expressed some dissatisfaction regarding can sizes. The amount of labor involved in handling the No. 303 can is a most costly item. He pointed out that in New York City alone 150,000 meals are prepared out of a central kitchen each day. It takes 37,500 No. 303 cans to prepare one meal -- an equivalent of about $1\frac{1}{2}$ cars of grapefruit sections. He felt that the School Lunch program is a tremendous outlet and any customer as large as this should be served according to his desires. What often initially appears to be a good buy frequently turns out not to be a good one when the costs of handling the product are taken into consideration.



Insofar as another purchase for next summer is concerned, Mr. Davis could not say whether one will take place because of the uncertainities of Federal funds, supplies of product, and other factors. In answer to a question from the Texas delegation, he felt that the prospects for including fresh grapefruit in the School Lunch program would pose several major problems but he would be glad to discuss the matter with the industry at any time.

A representative of the Florida canning industry commented on the matter of can sizes for grapefruit sections. He stated that when last summer's purchase was made the pack of grapefruit sections had already been completed. If the industry would have had any definite indication of the purchase, the problem of can sizes could have been dealt with. Without such indications, there is too much risk in packing heavily to sizes other than No. 303's. The industry feels that the No. 10 can does not make a satisfactory pack because of eventual breakdown.

Mr. Davis added that the Section 6 program offers the industry an excellent opportunity to follow up behind government distribution by promoting additional sales of these commodities through normal trade channels.

General satisfaction on the "specs" for the School Lunch purchases were expressed by both Mr. Davis and the industry.

Some dissatisfaction was expressed concerning the export program being referred to as a "subsidy" program. It was suggested that there should be a change in the official designation, -- perhaps, for example, an "Export Differential" Program. Mr. Nicholson stated that for some time it has been the policy of the Department to refer to the program as an "Export Payment Program".

The Chairman asked the industry group to indicate their recommendations for the 1955-56 season. A spokesman for the joint delegations said the industry was unanimous as to their general problem area and he would therefore outline the industry recommendations in behalf of the delegations present. Before getting into the specific proposal, he reviewed the changes that have taken place over the years in the citrus industry. He cited that prior to World War II the citrus industry was primarily a fresh fruit industry except for a small amount of grapefruit used for canning. Since that time the industry has experienced changes in consumer habits, the manner in which fruit is utilized and sold, and tremendous changes in the balance of production among the producing areas. During the latter 1930's Florida was producing around 25 million boxes of oranges. By the end of World War II Florida contributed 50 million boxes of oranges and this year production in Florida will be only slightly under 100 million boxes. California in former years produced twice as much as its current level of production of oranges. Today that State produces only one-third of the total crop in this country in contrast to one-half to two-thirds in the 1920's and 1930's. Prior to 1949 and 1951 Texas contributed over 20 million boxes of grapefruit to the U. S. supply. Since the freezes in those years Texas has made a gradual comeback.



The development of the frozen concentrates and canned juices has expanded the marketing season for citrus fruits throughout the entire year. As a result this has had a very great impact on the market, particularly during the summer, which California once enjoyed alone. It has forced the industry to adjust to a new supply-demand situation. Prior to processed products California shipped about 2,000 cars a week throughout the year. However, the last few years have seen this figure reduced to approximately 1,000 cars a week. Economic pressures from the standpoint of processing costs have lessened the ability of California to compete with Florida's output of citrus juice products. In the fresh market, however, the California industry has been able over the years to maintain a differentiated product.

The addition of a new processing outlet has greatly benefited orange producers but at the same time it has brought about a dislocation of the grapefruit market. The grapefruit picture would be materially worse if the industry now had to contend with another 20 million boxes out of Texas. The canned juice market is still growing and no one knows just where and when this situation will finally settle.

The industry has endeavored to solve these newly created problems through several lines of attack. First, the industry has expended considerable funds for research-the development of new and better products, improvements in cultural, harvesting, and marketing practices. Second, both Florida and California have directed large sums for the promotion of the fresh and processed citrus products.

Before World War II, the citrus industry had a foreign market, exclusive of Canada, of between 3 and 4 million boxes. It was asserted that the European market could be developed again if the industry were given free access at the foreign government levels. Differences in handling currencies and exchange rates have enabled foreign countries to buy advantageously from the U. S. competitors in their respective currencies. In addition, many difficulties have been encountered in the matter of transportation. Some years ago the ocean freight rate for California oranges was \$2.25 a box. The rate has now advanced to \$2.90 per box. On the other hand, the ocean freight rate for the Union of South Africa, a principal competitor, is now in the vicinity of a dollar per box. The California freight rate when added to the exchange rate for dollars presents a sizeable sum in itself.

The industry spolesman stated that the export payment programs have not been provided for under any Act or authority of Congress with the direct intent of developing foreign markets but rather have been devised as one means of price support operation. The use of Section 32 funds, as derived from custom receipts, is entirely at the discretion of the Secretary of Agriculture, particularly with respect to perishable commodities. These funds are directed to those commodities in a surplus position. The definition of surplus, according to his understanding, is closely related to the parity concept. From the standpoint of the relationship between citrus prices and parity, it would appear that the



industry has, in his opinion, qualified for assistance. Florida orange prices have averaged about 45 percent of the established parity price and California averaged about 60 percent during the past year.

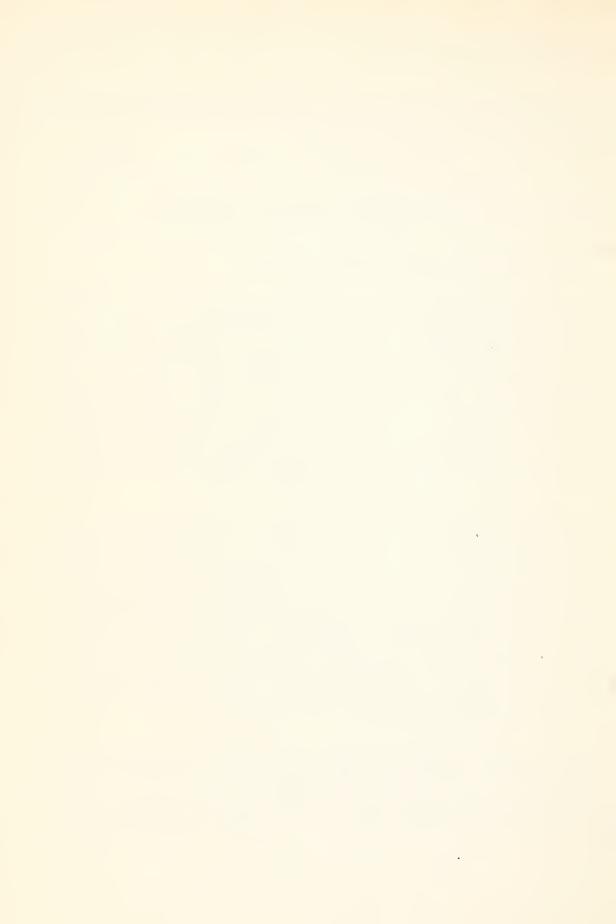
The specific recommendations for the 1955-56 season were given as follows:

- 1. Same rate as last year (75 cents per box) for fresh oranges with comparable rates of payment for the processed products.
- 2. A rate of 75 cents per box for fresh grapefruit with comparable rates of payments for the processed products.

The spokesman stated that the industry did not have any specific request to make regarding the terms of the program. The proposed rates of payment are those which the industry strongly believes are necessary to put U. S. citrus fruits in a competitive position abroad and obtain a reasonable amount of export business. In the absence of a program for the past year he believed that some export sales might have been realized but, in his opinion, at a greatly reduced amount. In addition, he felt that the export payment program has enabled the exportation of small sizes which would otherwise plague the domestic market. In conclusion, he remarked that an export program is a means by which a maximum amount of help can be obtained with a minimum amount of expenditure. As long as countries want citrus from the United States and the subsidy is a means of enabling foreign sources to purchase our fruit, then the industry urges that the program should be continued.

A Florida spokesman added that each year the grapefruit industry appears to get deeper and deeper into trouble. This is becoming more evident when one notes the new plantings in Texas and the rapidity with which they are coming back into production. Last year the grapefruit industry from Florida asked for help in establishing an export outlet. The industry knows that there is no great demand for grapefruit in Europe at the present time and therefore it is a demand which must be built up. Through the work of Dr. Pentzer the industry has learned much about the transportation and handling of citrus moving abroad. In this respect, the industry feels it has made very definite progress during the past year. The Continent of Europe has the money and it is now up to the industry to create the demand. It is for this reason, he stated, that the industry is asking for an increase to 75 cents a box for grapefruit for the coming year.

A Texas spokesman cautioned that the Texas citrus industry will not remain small and will eventually demand its share of the market. Since the costs in Texas are greater than in Florida, particularly for boxes, an export payment program would be most desirable to the Texas grapefruit industry. At the present time there is a substantial volume of export business for Texas citrus that will be lost without a subsidy -- orders are strictly subject to a subsidy.

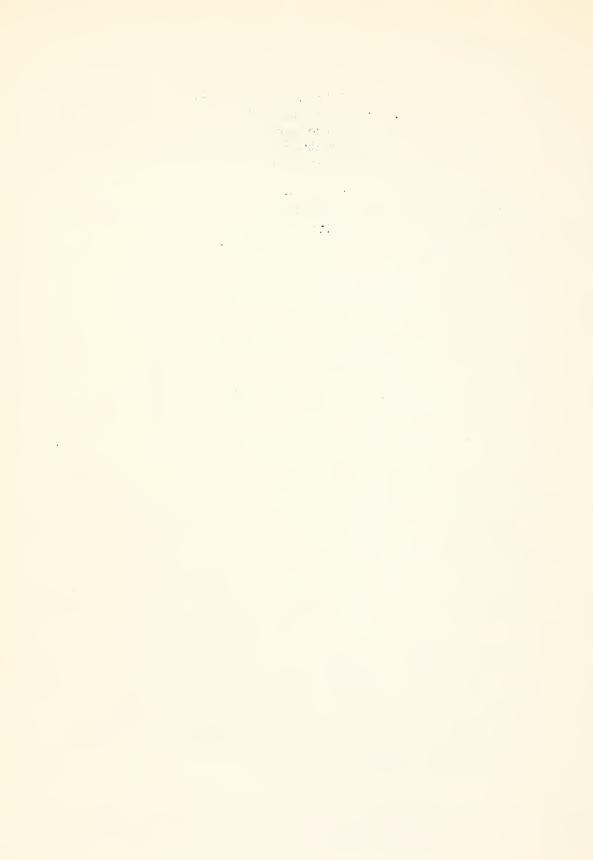


A member of the Florida delegation asked that a new product be added to the program, namely, orange crystals. He stated that the product has a tremendous potential and its inception was based on the premise of expanding the demand for citrus products. One of the main advantages of this product is the savings in storage and transportation to markets developed far away from Florida.

A spokesman for the California canning industry stated that about 15 percent of their hot-pack concentrates has been exported during the last few years. This amount has taken a substantial quantity of oranges which would have otherwise been surplus to the domestic market. These concentrates have assisted California to establish a market in competition with the citrus producing countries from the Mediterranean area. It is not believed that the business can be developed far and well enough without the continuation of an export payment program. The export of these products during the last year were encouraging. Warm weather on the Continent of Europe provided excellent marketing conditions. About 95 percent of the hot pack concentrates which are exported to Europe go into the beverage field and these outlets are considered non-competitive with the fresh fruit business. California is very much interested in developing a market in the Far East. A few years ago these export payment programs applied also to the areas in the Pacific and it is now recommended that 5 countries be added to the program for the forthcoming season: The Philippines, Pakistan, Hong Kong, Strait Settlements, Thailand.

Mr. S. R. Smith addressed the group briefly. He remarked that he was encouraged by the nature of the discussion particularly in view of the rather bleak picture presented at last year's meeting. He said he was most impressed by the fact that the industry has made the most of the problem by working together. It was his opinion that California has an orange problem but insofar as Florida is concerned he could not convince himself that it has any difficulties for oranges but on the other hand grapefruit in that State appeared to present a most serious problem. Over the many years that these programs had been operation, he added, the industry has asked for one product after another and now the list of eligible commodities has grown rather long. Mr. Smith reminded those present that there are many! fruit industries which seek the Department's assistance, and in some instances the situation is much more critical than in citrus. Parity as related to the entire area of fruits and vegetables has not, in his opinion, been a very good or adequate measure for determining a surplus condition. He felt that the whole thesis behind the continuation of these export programs has been the idea to offset the exchange restrictions flacing the industry. The basis for justifying an export payment program is getting thinner every year and he feels that the industry may have reached a point where the program does more harm than good.

The next subject of discussion undertaken by the group concerned the operation of a program if one were adopted. It was suggested that before the industry presented its detailed recommendations the opportunity perhaps should be taken to review the results of recent test shipments for citrus fruits moving



abroad. Mr. J. R. Winston, of the Horticultural Field Station at Orlando, Florida, who was introduced by Dr. H. T. Cook, addressed the group regarding the findings of his recent studies. Mr. Winston described the nature of the tests which he conducted with Florida fruit, the conditions under which the fruit was handled from the packing house to the ultimate destination, and his observations regarding the effects upon the packed fruit moving under varying conditions. Among the highlights of his remarks were recommendations to the effect that a better job of precooling could be done and that shipside inspection, in addition to that at the packing house, would render a marked improvement. He also expressed the opinion that the grade requirements appeared too low in some instances.

Mr. E. M. Harvey related his experiences with test shipments of citrus fruits moving from California to Europe during the past season. In particular, he cited the need for a good selection of lots for individual export shipments. He felt that establishing some sort of standards to assist European receivers in selecting fruit for storage would be helpful. He also recommended that shipside precooling plants would be a worthy addition. Other observations, which Mr. Harvey related, concerned the need for improvement in dealing with storage problems, refrigeration, and the apparent need for still further improvement in cartons and the handling thereof.

It was added by Dr. Cook that a summary of the studies conducted by Messrs. Winston and Harvey would soon be released in a Departmental publication.

Following these reports the industry members were queried on the details relevant to the operation of an export program. Some comment was made concerning Dr. Winston's recommendation that the Federal grade be tightened. In conclusion it appeared to be the general consensus of opinion that the present grade provisions should not be disturbed at this time. Insofar as acceptable containers were concerned, it was suggested by a Florida spokesman that the permissive use of the wirebound one-half crate Bruce box be accepted on an experimental basis only. The use of individual wraps and biphenyl-treated pads and liners 'was discussed to some length but no major exceptions were voiced to the procedure followed in last year's program. The subject of precooling was then discussed. Although industry members present agreed upon the desirability for precooling, some felt it would be nearly impossible to enforce such a provision, and in some areas the use of shipside precooling would be a physical impossibility. A Texas spokesman indicated that from past experiences precooling is highly undesirable for Texas grapefruit. Insofar as inspection provisions were concerned it was believed that shipside inspection in California was not feasible at this time. A California spokesman favored the use of occasional re-inspection for information purposes but at the same time this should not be adopted for compliance under terms and conditions of a program. It was agreed that the requirements under the past program relating to refrigeration and periods for export should remain the same.



Mr. Conklin described the mechanics of the Apple and Pear Export Act and commented on the application of this type of legislation, if adopted, to citrus fruit.

A member of the Florida delegation read a statement addressed to the Agricultural Estimates Division concerning the need for improvements in the monthly estimates for citrus fruits.

Dr. John R. Matchett, Assistant Director, Utilization Branch, Agricultural Research Service, addressed the group, briefly outlining the activities of his office as pertain to research work in citrus.

The meeting adjourned at 5:24 p.m.





